



Office of Management and Budget Statewide Benefits Unit

September 2005

NOTICE OF CREDITABLE COVERAGE

Important Notice from the State of Delaware Group Health Insurance Program about Your Prescription Drug Coverage and Medicare

You may have heard about Medicare's new prescription drug coverage, also known as Medicare Part D, and wondered what this new coverage might mean to you. That is, starting January 1, 2006, new Medicare prescription drug coverage will be available to everyone eligible for Medicare.

We're pleased to let you know that the coverage you have now—provided by the State of Delaware Group Health Insurance Program and administered by Express Scripts—is, on average, for all participants (actives and retirees) at least as good as standard Medicare Part D coverage. This is called "creditable coverage."

This letter is your Notice of Creditable Coverage. Be sure to read this notice carefully and keep it in a *safe place* where you can find it.

Below you will find some answers to questions you may have regarding creditable coverage and how it relates to Medicare Part D plans and Medicare beneficiaries. If you are not eligible for Medicare, the information below is not applicable.

What do I need to do?

To stay with your current prescription drug coverage from the State of Delaware, *you don't have to do anything*. Just keep using the coverage you have now. You can still use the same pharmacy network, you'll keep the same affordable copayments for your prescription drugs and you don't need to go through an enrollment process. You're already enrolled in your current plan, which provides you with coverage that is, on average, at least as good as that offered under Medicare Part D. If you do not want to continue to receive prescription drug coverage from the State of Delaware, you will want to select a commercial Medicare prescription drug plan. A summary of the Medicare plans available to you, as well as how to enroll in one of these plans, can be found on the internet at www.medicare.gov.

Why do I need to keep my notice of creditable coverage?

If you are satisfied with your prescription drug coverage from the State of Delaware, just keep using it as you do now. However, if after May 15, 2006, you consider enrolling in one of the many Medicare Part D prescription drug plans, you may be asked for a copy of this notice. This notice will let a Medicare Part D plan know that you have creditable coverage now, and are not required to pay a late enrollment penalty, which could result in a higher premium on your new coverage. Remember, the coverage you have now through the State of Delaware is creditable coverage. That is, your current coverage *is*, on average, at least as good as that offered by Medicare Part D.

What if I lose my notice of creditable coverage? If you need another copy of your notice of creditable coverage, please call the State Pension Office at 1-800-722-7300 or the Statewide Benefits Office at 302-739-8331. You may also write to us at:

Statewide Benefits Office
Blue Hen Corporate Center
655 S. Bay Rd, Suite 202
Dover, DE 19901

State Pension Office
McArdle Building
860 Silver Lake Blvd., Ste. 1
Dover, DE 19904-2402

Do I have to enroll in a Medicare Part D plan *now*?

No. You do not have to enroll in a Medicare Part D plan if you are satisfied with your current coverage. But you do have the option to enroll in one of Medicare many prescription drug plans from November 15, 2005 to May 15, 2006. If you choose to enroll in a Medicare plan, that coverage will be available to you on January 1, 2006 (if you enroll between November 15th and December 31st), or the first of the month after which you join if enrolling between January 1, 2006 through May 15, 2006.

If I enroll in a Medicare prescription drug plan, can I keep my prescription drug plan with the State of Delaware?

If you are a Medicare-eligible retiree, you cannot have a Medicare prescription drug plan *and* retain your coverage with the State of Delaware. If you enroll in a Medicare prescription drug plan, your prescription drug coverage through the State of Delaware will terminate. You will not be able to re-enroll in the State of Delaware's Prescription Drug Program until the state's open enrollment period (usually May in each year).

If you are a Medicare-eligible active employee, you can keep your prescription drug plan with the State of Delaware and enroll in a Medicare prescription drug plan. In this case, the State of Delaware plan will pay primary and Medicare will pay secondary¹

It is important that you compare your current plan, including which drugs are covered, with the coverage and costs of Medicare Part D plans in your area before making these decisions. If you consider enrolling in a Medicare prescription drug plan, check with the State of Delaware Statewide Benefits Office or State Pension Office before you enroll.

What if I drop my coverage with the State of Delaware, but don't enroll in a Medicare Part D plan?

If you drop your current coverage but do not enroll in a prescription drug plan approved by Medicare after your current coverage ends, you will have to pay full price for your prescription drugs.

You may also have to pay more for Medicare prescription drug coverage later. If after May 15, 2006 you go for 63 days or longer without coverage that is, on average, at least as good as Medicare's prescription drug coverage, *your monthly premium under a Medicare plan will increase at least 1% for each month that you did not have coverage after May 15, 2006. This increase will be effective as long as you have Medicare prescription coverage.*

For example, if you do not have coverage for 19 months before enrolling in Medicare prescription drug coverage, your Medicare premium will always be 19% higher than what you would have paid if you had enrolled before May 15, 2006. *Also, you may have to wait until the next November 15 to enroll.*

If I keep my current coverage with the State of Delaware, can I enroll in a Medicare Part D plan later?

Yes. Starting January 1, 2006, you will have the opportunity to enroll in a Medicare Part D prescription drug plan every year from November 15 to December 31. *However, if you decide you want to enroll in a Medicare*

¹ Please note that plans cannot drop coverage of their active employees who enroll in Part D. Doing so would be a violation of the Medicare Secondary Payer (MSP) rules.

Part D prescription drug plan after December 31, be sure you're covered under your current plan until your Medicare Part D coverage becomes effective. If you choose to enroll in a Medicare Part D plan without having creditable coverage with another plan like this one, you may have to pay an increased premium, as explained above. If you are a retiree, once you are covered by Medicare Part D, you will not be covered by the prescription plan through the State of Delaware Group Health Insurance Program.

How can I get more information?

You will receive a copy of the handbook "Medicare & You 2006" from Medicare. This book contains more detailed information about Medicare plans that offer prescription drug coverage and will be available October 2005.

If you would like more information, you can find it by:

- Visiting www.medicare.gov.
- Calling your State Health Insurance Assistance Program (see your copy of the "Medicare & You" handbook for their telephone number).
- Calling 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For people with limited income and resources, extra help paying for a Medicare prescription drug plan is available. For more information about this extra help, visit the Social Security Administration Web site at www.socialsecurity.gov, or call them at 1-800-772-1213. TTY users should call 1-800-325-0778.

Be sure to keep this notice. You may be asked for a copy of this notice if you enroll in one of the new prescription drug plans approved by Medicare after May 15, 2006. This notice will let your new plan know that you are not required to pay a higher premium amount.

As in all cases, the State of Delaware Group Health Insurance Program reserves the right to modify benefits at any time, in accordance with applicable law.

Sincerely,
State of Delaware Group Health Insurance Program

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